CANADA - MANITOBA
Crop Insurance

Annual Report
1987 - 88 *

Manitoba
Crop Insurance
Corporation

*For the year ending March, 1988

Agriculture
Canada

Manitoba
Agriculture

CANADA - MANITOBA
Crop Insurance

The Manitoba Crop Insurance Corporation
3rd Floor
25 Tupper Street, North
Portage la Prairie, Manitoba
R1N 3K1

Refer to:

June 17, 1988

To the Honourable Glen M. Findlay,
Minister of Agriculture,
Winnipeg, Manitoba.

Dear Sir:

Presented herewith is the Twenty-Eighth Annual Report of Manitoba Crop Insurance Corporation for the fiscal year ended March 31, 1988.

Respectfully submitted,

Donald E. Brown
Chairperson
Board of Directors

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Board of Directors

D.E. Brown, Chairperson
P.A. Rattai, Vice-Chairperson
(resigned October 9, 1987)
W.D. Sloane, Appointed Vice-Chairperson
February 23, 1988
M.J. Sotas
N.H. Huminicki

Officers

R.G. Dalgliesh, B.S.A., M.B.A.,
General Manager and Board Secretary
(Resigned April 19, 1988)
D.E. Forsberg, B.S.A., M.Sc.,
Assistant General Manager and
Director of Field Division
M.J. Gagne, C.M.A., Director of
Finance & Administration
H.R. Nelson, B.S.A., M.Sc.,
Director of Research & Planning
J.B. Hughes, LL.B., Q.C., Legal Counsel

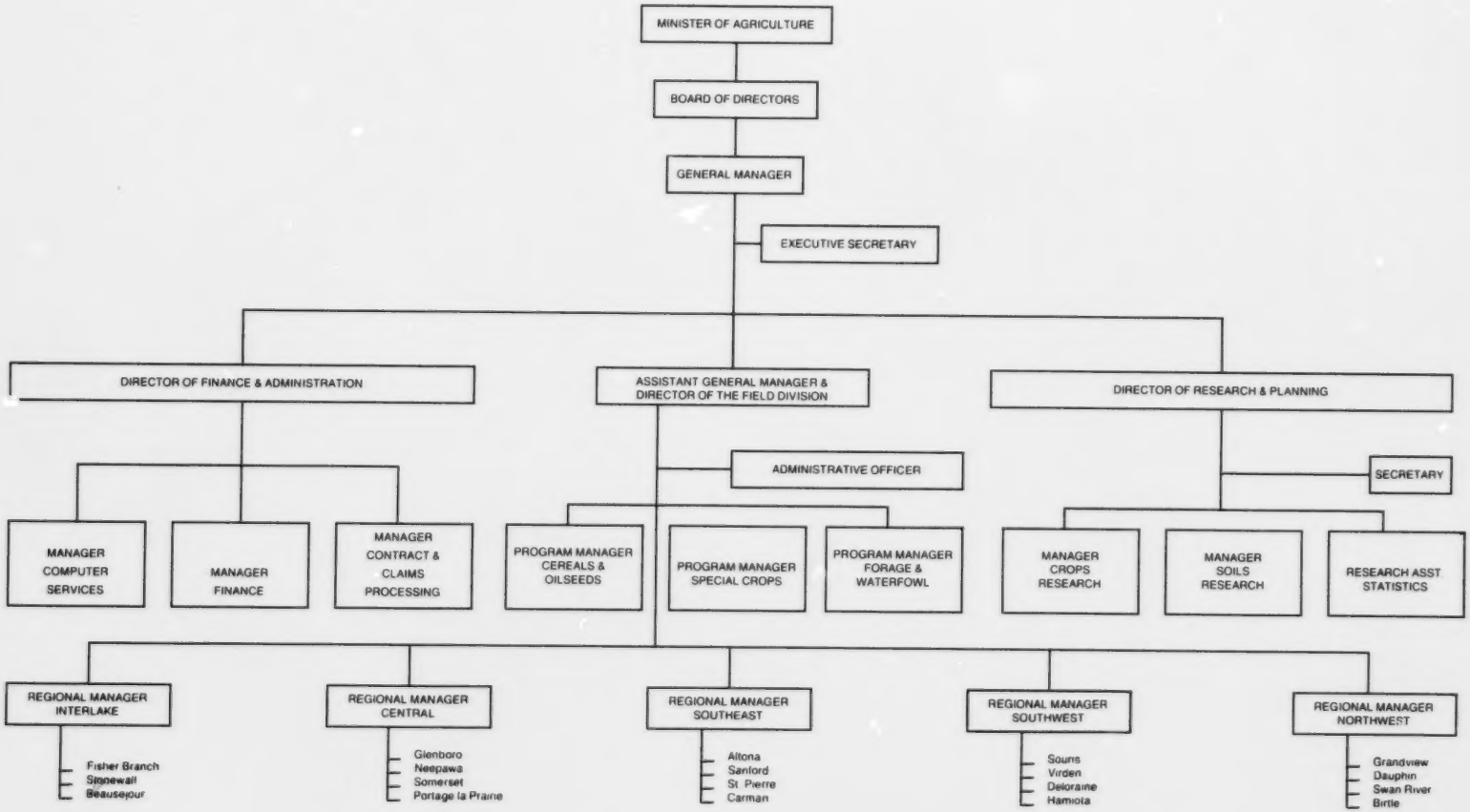
Objectives

1. To provide an opportunity to Manitoba farmers to protect their cash investment in their seeded crops from all uncontrollable natural hazards, thereby increasing the income of insured farmers in years when they suffer a crop loss and increasing the income of the entire rural economy in years when widescale crop loss occurs.
2. To provide an opportunity to Manitoba livestock producers in designated municipalities to protect their investment in their livestock operation in those years when hay crops are poor due to uncontrollable natural hazards.
3. To provide additional hail insurance coverage on a spot loss basis as a service to farmers enrolled in the all risk program.
4. To provide a loss adjusting service to the Department of Natural Resources which administers a compensation program for farmers who suffer crop losses due to certain species of wildlife and to administer a compensation program, on behalf of the Canada and Manitoba Governments, to farmers who suffer crop losses due to migratory waterfowl.

Board Meetings

Twelve meetings of the Board of Directors were held.

Organization Chart — Manitoba Crop Insurance Corporation



Financial Contributions by Governments of Canada and Manitoba

The Government of Canada provides financial assistance to the Canada-Manitoba Crop Insurance Program by contributing 50 per cent of the total premium required each year. The Federal Government's contribution to this program totalled $19,367,009 for the 1987/88 fiscal year.

The Government of Manitoba contributes all of the administration costs, which totalled $4,318,202 for the 1987/88 fiscal year.

1987 Crop Conditions

Most stubble and summerfallow fields in the province were reported to have good moisture levels to start off 1987. However, the month of April was the second driest on record, severely depleting the topsoil moisture. Cereals were planted very early, with 75 - 85 per cent of the acres seeded by the end of the first week of May. Only about 50 per cent of the oilseeds were planted by this date because of the low topsoil moisture reserves in most areas of the province.

There was moderate to light frost damage in all regions in late May. Generally, the pastures were reported as poor to fair. By the first week of June, there was fairly general rains throughout the province, but still only about 50% of normal rainfall total since April 1. The Interlake and Southwest regions still were dry. Most regions had areas of spotty and uneven germination of crops. Potatoes had emerged about two weeks ahead of normal and the honey flow was also two weeks earlier than normal.

Mid-June was hot in all regions of the province, causing heat stress on many of the cereal crops. The forage crop was reported to be below normal for the first cut.

There were some heavy rains in the Eastern and Central regiona in mid-July and heavy winds caused some lodging damage in the Interlake region. Harvesting of winter wheat and fall rye had started by the third week of July. Pastures had improved considerably in all regions. There was some heavy rainfall in the Swan River Valley of the Northwest region.

By the end of July, harvesting of timothy was underway in the Interlake region. By mid-August, most of the cereal crops were harvested in the Central region and 75 per cent of the canola had been cut. Provincially, close to 40 per cent of the cereal crops were swathed and just under 30 per cent combined.

Heavy rainfall was recorded in the Southwest and Central regions the third week of August, with accompanying hail and wind damage. There was up to 200 millimeters of rain in the Killarney and Baldur areas.

By September 1, all the cereals in the central region had been harvested, with 50 per cent harvested in the whole province. 25 per cent of the canola was harvested in the Central, Eastern and Southwest regions. About 60 per cent of the flax had been harvested in the Southwest region. Grades of the red spring wheat crop were below average.

Uneven maturity and weed problems caused delays in harvesting the oilseed crop. Fall field work was well underway. By the end of September, virtually all crops had been harvested with only a small percentage of flax remaining in the Interlake, Northwest, and Southwest regions. This was much ahead of 1986 where combining of flax had just started by October 1.

Provincially, most of the wheat graded #2 or #3 and barley #1 feed. The presence of green kernels in the rapeseed reduced the grades. Only about 20% graded #1, with 75% grading #2.

Monthly Summary of Precipitation

April - October 1987

	1. Western Manitoba	2. West Red River Valley	3. East Red River Valley	4. Interlake	Dauphin	Swan River
Number of Days With At Least a Trace of Precipitation						
April	5.3	5.5	3.3	6.0	9.0	9.0
May	11.8	13.3	10.8	11.3	11.0	7.0
June	13.8	15.0	11.0	13.7	19.0	16.0
July	12.5	18.3	12.8	14.7	17.0	22.0
August	12.3	13.3	9.3	15.3	16.0	17.0
September	9.5	12.3	9.5	8.0	12.0	11.0
October	10.8	13.0	11.8	10.7	14.0	12.0
Total Precipitation in Millimeters						
April	0.0	0.0	0.0	0.0	0.0	0.0
May	0.0	0.0	0.0	0.0	0.0	0.0
June	21.8	57.0	32.8	0.0	0.0	68.4
July	91.9	126.2	93.5	93.9	78.5	194.4
August	50.6	85.4	58.5	74.1	46.6	62.2
September	24.4	32.1	28.5	20.6	84.8	36.0
October	16.8	26.9	31.9	42.1	32.5	48.7
Percentage of Normal Precipitation						
April	0.0%	0.0%	0.0%	0.0%	0.0	0.0
May	0.0%	0.0%	0.0%	0.0%	0.0	0.0
June	29.8%	74.5%	40.8%	0.0%	0.0	0.9
July	141.3%	167.5%	118.0%	82.0%	1.2	2.8
August	80.3%	113.5%	81.3%	113.3%	0.8	0.9
September	0.0%	26.0%	0.0%	15.7%	1.4	0.0
October	0.0%	57.8%	0.0%	35.7%	1.1	0.0
Average Monthly Temperature Difference from Normal in Degrees Celsius						
April	5.2	5.8	5.4	5.4	5.7	5.8
May	3.2	3.4	2.8	3.3	3.1	3.2
June	2.0	3.0	1.4	2.1	2.1	2.2
July	-0.7	-0.1	0.3	0.4	-0.4	-0.4
August	-1.7	-1.4	-0.9	-0.5	-1.4	-1.4
September	0.0	0.9	0.0	0.5	1.9	0.0
October	0.0	-1.2	0.0	-0.7	-1.6	0.0

NOTES

1. *Average of four Climatological Stations: Brandon C.D.A., Hamiota, Birtle, Pierson*
2. *Average of four Climatological Stations: Portage la Prairie A, Morden C.D.A., Morris, Winnipeg International Airport*
3. *Average of four Climatological Stations: Emerson, Sprague, Steinbach, Beausejour*
4. *Average of three Climatological Stations: Ashern, Arborg, Gimli.*

All Risk Program Features

Crops Insured:

Red spring wheat, utility wheat, amber durum wheat, winter wheat, oats, barley, mixed grain, fall rye, buckwheat, flax, rapeseed, sunflowers, mustard, field peas, grain corn, sugar beets, potatoes, fababeans, lentils, canaryseed, field beans, triticale, silage corn, soybeans, pedigreed timothy seed and pedigree timothy seed with seedling establishment option, cultivated forage for hay production and forage hay establishment option honey, and vegetable crops including onions, carrots, parsnips and rutabagas.

Designated Perils:

Drought, excessive moisture, excessive rainfall, flood, frost, hail, excessive heat, wind (including tornado), disease (including rust), and pests.

Options:

(a) **Hail Spot Loss** — enables the all risk coverage to be paid out on a spot loss basis regardless of the yield on the rest of that field or other fields. Coverage must be selected on or before April 30, and covers only those insurable crops selected by the Insured for all risk coverage. Coverage per acre is limited to the all risk coverage as determined by the insured's Seeded Acreage Report. The premium is shared by the Government of Canada.

(b) **Unseeded Acreage Insurance** — covers loss from failure to seed land because of excess moisture.

(c) **Seedling Establishment Option** — forage crops which are seeded for hay production and insured under the forage crop program can be protected against failure to establish due to natural hazards in the seedling year. A separate option applies for establishing alfalfa or timothy for seed production.

Additional Hail Insurance

Is available to all risk contract holders on any or all of the 34 insurable crops. Premium rates are based on crop insurance risk areas rather than on a township basis, thereby providing a more stable rate for the entire area. Coverage can be selected at any time during the growing season. Insured farmers pay all the premium and administration costs of this program.

Productivity Index:

Basic coverage in tonnes per acre is determined on the basis of soil productivity. Since variability increases as soil productivity decreases, the same basic premium is charged for all soils in a risk area. This results in an appropriate premium rate for each soil type.

Risk Areas:

Manitoba has been divided into fifteen areas of similar risk on the basis of climate, soils, topography and history of crop production. In crops where adequate information exists, premium rates are established on a risk area basis.

Individual Coverage Adjustment:

Coverage is adjusted on an individual basis according to each farmer's own crop insurance record. Newly insured farmers are assigned the basic risk area average coverage for the particular soil zones on which they operate. If a farmer has infrequent or small losses it is assumed he has above average yields and coverage is adjusted upwards. Alternately, high losses on a consistent basis will result in the farmer's coverage either remaining at basic or being adjusted downwards.

Premium Discounts and/or Surcharges:

Starting in 1985, premium discounts are handled similar to coverage. Favorable experience, as indicated by no losses or infrequent or small losses, result in premiums being discounted by as much as 25 per cent. Unfavorable experience, as indicated by consistent and high losses, result in premiums being surcharged by as much as 25 per cent. Insured farmers with high discounts (up to 50 per cent) under the previous discount system retain their discount until they: have a claim, move to a higher discount on the new system, or until they cancel their existing contract.

Coverage Increases in Stages:

With the exception of potatoes and sugar beets, coverage applies in two stages. Crops destroyed or damaged prior to June 25 in southern regions (Rapeseed and Buckwheat Area A) and prior to June 20 in northern and eastern regions (Rapeseed and Buckwheat Area B) are covered at 50% of full coverage. After June 25, in southern regions (Rapeseed and Buckwheat Area A) and June 20 in northern and eastern regions (Rapeseed and Buckwheat Area B), crops are covered at 100% of full coverage. With potatoes and sugar beets, coverage increases in three and four successive stages respectfully which correspond with increased cash investments made by the insured farmer.

Reseeding Benefit:

This benefit has been brought into the program to compensate the insured farmer for having to reseed due to an insurable hazard. With the exception of sugar beets and vegetable crops, the farmer can receive 25% of the full coverage on the originally seeded crop, provided that the parcels of land are at least 20 acres in size. The original crop must be destroyed and the reseeded crop must be eligible for and covered by crop insurance. Sugar beets qualify for 15% of full coverage on parcels of 20 acres or more. For vegetable crops, the reseeding benefit is based on the reseeded crop.

Crop Adjustments:

Claims for individual crops are adjusted separately. Insured farmers receive indemnity payments based on the difference between their coverage and the amount of harvested production. If applicable, harvested production is discounted if the crop is of poor quality.

If all the crop is lost prior to harvesting, the claim can be finalized immediately. If only part of the crop is damaged and the farmer wishes to put the land to another use, the acres to be destroyed will be appraised to determine the production still remaining on those acres. Once the remaining crop has been harvested, the appraised production on the destroyed acres are combined with the harvested production to determine if a claim is payable.

Landlord Insurance:

Crop insurance is available to a landlord who rents on a crop share basis. The tenant must also be insured.

Optional Dollar Values Available:

Insured farmers have the option of selecting any one of three different dollar values for each tonne of coverage per acre. This allows producers to tailor their coverage more closely to their individual coverage requirements.

Enhanced Coverage:

This feature was introduced in 1987 to compensate farmers for successive losses. When losses in a risk area equal two times or more the total premium income for that risk area, coverage is increased from 70% of an average yield to 80% of an average yield the following year for all insureds in that risk area who were insured the year when the losses occurred.

Quality Guarantee:

If the grade of the farmer's harvested crop is below the guaranteed grade for that crop, the harvested yield is factored downward in proportion to the difference in value of the harvested grade and the guaranteed grade.

The guaranteed grades for the insurable crops are set out in the following table "1987 M.C.I.C. All Risk Insurable Crops and Options".

1987 M.C.I.C. All-Risk Insurable Crops and Options

Insurable Crops	Final Seeding Date	Guaranteed Grade	Dollar Option/t Low	Med	High
Barley	June 20	#1 C.W.	$65	$	($65)
Buckwheat	June 20 Area "B" June 25 Area "A"	#3 Canada	120	145	170
Canaryseed	June 10	Less than 4% Hulled	140	170	200
Corn - Grain	May 25 Area "B" June 1 Area "A"	#3 C.W.	100		(100)
- Silage	June 10	35% Dry Matter	12	15	18
Fababeans	May 25	#3 Canada	120	140	160
Fall Rye - 87	Sept 25/86	#1 Canada	65	70	75
Field Peas	June 10	#3 C.W.	120	145	170
Field Beans		#1 Canada	220	260	300
- White	June 1 Area "B" June 5 Area "A"				
- Black & Pinto	June 5 Area "A"	#2 Canada			
Flax	June 20	#1 Canada	205		(205)
Lentils	June 1	#2 Canada	220	260	300
Mixed Grain	June 20	55 kg/hl	60		(60)
Mustard	June 20	#1 Canada	200		(200)
Oats	June 20	#1 Feed	60		(60)
Potatoes		Marketable Prod.	60	70	80
- maturing late	June 5				
- maturing early	June 15				
Rapeseed		#1 Canada	210		(210)
- Argentine	June 10 Area "B" June 15 Area "A"				
- Polish	June 20 Area "B" June 25 Area "A"				
Soybeans	June 1	#2 Canada	200	220	240
Sugar Beets	June 15	125 kg/t	25	30	35
Sunflowers	June 10	#1 Canada	200		(200)
Triticale	June 10	#2 Canada	105		(105)
Wheat -					
- Red Spring	June 20	#2 C.W.R.S.	115		(115)
- Amber Durum	June 20	#3 C.W.A.D.	115		(115)
- Utility	June 20	#1 C.U.	105		(105)
- Winter - 87	Sept 15/86	#2 C.W.R.W.	90	100	110

Insurable Options

	Final Seeding Date	Guaranteed Grade	Dollar Option/* Low	Med	High
Hail Spot Loss					
Unseeded Acreage:					
Soil Zones A-H			$ 15	$ 20	$ 25
Soil Zones I-J			10	15	20
Honey Production:			800	950	1100
Vegetable Crops:					
Rutabagas	June 25	Marketable Prod.	85	100	115
Cooking Onions	June 1	Marketable Prod.	80	100	120

Carrots	June 15	Marketable Prod.				60		80	100
Parsnips	June 5	Marketable Prod.				120		160	200
Cultivated Forage for Hay: 1986 Alfalfa, Alfalfa Grass Mixture, Grasses, Sweet Clover						35		40	45
Forage Seed Production:									
Pedigreed Alfalfa Seed		% Germ 70 or more				1100		1300	1500
Pedigreed Timothy Seed		% Germ 70 or more				360		430	500
Forage Hay Establishment:						**Low**		**High**	
						A**	**B*****	**A****	**B*****
Alfalfa						15.00	30.00	20.00	40.00
Alfalfa Grass Mixtures						10.00	20.00	15.00	30.00
Grasses (Spring Seeded)						10.00	20.00	15.00	30.00
Grasses (Fall Seeded)						10.00	20.00	15.00	30.00
Sweet Clover						5.00	10.00	7.50	15.00
Pedigreed Seed Establishment:									
Timothy (spring seeded)						15.00	30.00	20.00	40.00
Timothy (fall seeded)						15.00	30.00	20.00	40.00
Alfalfa Seed						15.00	30.00	20.00	40.00
Livestock Feed Security:					**Dollar Coverage Per Animal**				
Dairy Cows	60	80	100	120	140	160	180	200	220
Beef Cows (including bison)	60	80	100	120	140	160	180	200	220
Bulls (including bison)	60	80	100	120	140	160	180	200	220
PMU Horses	60	80	100	120	140	160	180	200	220
Steers & Heifers (including bison)	60	80	100	120					
Sheep	20	40	60						
Goats	20	40	60						

* — *$ per acre in all cases except Honey & Cultivated Forage for Hay which is $/tonne and Livestock Feed Security which is $ coverage per animal.*
A** — *Seeded with a Companion Crop*
B*** — *Seeded without a Companion Crop*

Canada-Manitoba Livestock Feed Security Program

The Livestock Feed Security Program was available in 1987 in all Rural Municipalities and Local Government Districts in Manitoba. The program was also expanded to provide coverage in dollars per animal for bison.

An all province premium rate of 12% was calculated. The farmer premium rate was 6% with the Federal Government providing financial assistance to the program by contributing an amount equal to the insured farmer's premium. The Province provided for all administration costs.

Ten year average base yields were calculated for each municipality for alfalfa, alfalfa-grass mixtures and grasses. Native hay comparisons were made on a farmer by farmer basis. The total hay production from at least five producers in each municipality was measured and average yields per acre were calculated. These native hay yields were adjusted for quality using a Total Digestible Nutrients (TDN) base from each selected producer.

1987 was a below average year for forage production in much of Manitoba with 76 out of 123 municipalities were in a payout position.

There were 2,351 livestock producers insured with a total premium, including the Federal Government share of $2,581,068. The total dollar coverage was $21,508,900 with a dollar payout of $1,492,518.

Canada-Manitoba Waterfowl Crop Damage Compensation Program

The Canada-Manitoba Waterfowl Crop Damage Compensation program is a program to reduce income losses to Manitoba farmers caused by migratory waterfowl damaging crops. Compensation is provided on most crops eligible for coverage under the All Risk Crop Insurance program.

The Goverment of Canada and the Government of Manitoba provide equal financial support to the operation of the Canada-Manitoba Waterfowl Crop Damage Compensation program. Under the agreement covering the program, the maximum payment that could be made in Manitoba in 1987/88 was $996,300.

Manitoba

Manitoba Crop Insurance Corporation

Report of The Provincial Auditor's Office

We have examined the financial statements, being Exhibits A, B, C and Schedules 1 and 2, of the Manitoba Crop Insurance Corporation for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

June 27, 1988
Winnipeg, Manitoba

J.W. Singleton, CA
Assistant Provincial Auditor

Exhibit A

Manitoba Crop Insurance Corporation

Balance Sheet

As at March 31, 1988

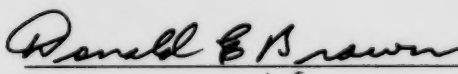
Assets

	1988	1987
Cash on deposit with the Minister of Finance and in bank	$ 4,547,192	$ 3,516,933
Term deposits with the Minister of Finance (Note 3)	4,000,000	—
Accrued interest on term deposits	31,089	—
Premiums receivable, net of allowance for doubtful accounts of $714,515 (1987 — $709,995):		
Due from insured persons	993,888	3,308,610
Accrued interest	60,736	198,584
Amount receivable from Reinsurance Fund of Manitoba (Note 4)	884,855	3,464,010
Accounts receivable — Government of the Province of Manitoba	1,177	20,932
Accounts receivable — other	2,090	2,205
Prepaid expenses	14,254	18,616
	$10,535,281	$10,529,890

Liabilities and Reserves

	1988	1987
Reinsurance premiums payable (Note 4):		
Government of Canada	$ 194,012	$ 736,868
Government of the Province of Manitoba	388,023	736,868
Amount payable to Reinsurance Fund of Manitoba (Note 5)	—	4,000,000
Advance from the Government of the Province of Manitoba (Note 6)	4,000,000	2,000,000
Indemnities payable	343,526	875,372
Other account and program payables (Note 7)	240,990	124,118
Premiums collected in advance	232,545	230,351
	5,399,096	8,703,577
Reserves for the Payment of Indemnities:		
General Crop Insurance, Exhibit B	—	—
Hail Insurance, Exhibit C	5,136,185	1,826,313
	$10,535,281	$10,529,890

Approved by:


Director

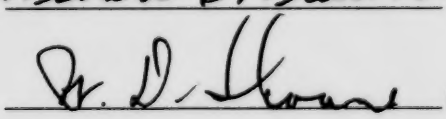

Director

Exhibit B

Manitoba Crop Insurance Corporation
General Crop Insurance

Statement of Revenue, Expenditure and Reserve for the Payment of Indemnities

for the year ended March 31, 1988

	1988	1987
Revenue:		
Premiums:		
Insured persons	$17,821,083	$23,861,352
Government of Canada (Note 2(B))	19,367,009	23,094,597
	37,188,092	46,955,949
Filing fee	2,630	5,175
Administrative expenses recovered from the Government of the Province of Manitoba Schedule 1 (Note 2(C))	4,318,202	4,322,833
Interest on cash balances and outstanding premiums	209,070	306,102
Total revenue	41,717,994	51,590,059
Expenditure:		
Administrative expenses, Schedule 1 (Note 2(C))	4,318,202	4,322,833
Reinsurance premiums (Note 4):		
Government of Canada	2,904,992	6,928,379
Government of the Province of Manitoba	5,809,984	6,928,379
Discounts	14,772	28,082
Indemnities	29,414,229	36,575,875
Bad debts	140,670	270,521
Total expenditure	42,602,849	55,054,069
Revenue under expenditure	884,855	3,464,010
Reserve for the payment of indemnities:		
Beginning of year	—	—
Recovered from Reinsurance Fund of Manitoba, (Note 4)	884,855	3,464,010
End of year, Exhibit A	$ —	$ —

Exhibit C

Manitoba Crop Insurance Corporation
Hail Insurance

Statement of Revenue, Expenditure and Reserve for the Payment of Indemnities

for the year ended March 31, 1988

	1988	1987
Revenue:		
Premiums charged to insured persons at established rates	$ 6,645,530	$ 8,255,606
Interest on funds invested with the Minister of Finance and outstanding premiums	366,288	303,420
Total revenue	7,011,818	8,559,026
Expenditure:		
Administrative expenses, Schedule 2 (Note 2(C))	837,653	892,368
Indemnities	2,822,271	6,535,684
Bad debts	42,022	128,475
Total expenditure	3,701,946	7,556,527
Revenue over expenditure	3,309,872	1,002,499
Reserve for the Payment of Indemnities:		
Beginning of year	1,826,313	823,814
End of year, Exhibit A	$ 5,136,185	$ 1,826,313

Schedule 1

Manitoba Crop Insurance Corporation
General Crop Insurance

Statement of Administrative Expenses

for the year ended March 31, 1988

	1988	1987
Adjusters' wages and expenses	$1,197,548	$1,335,319
Administration and field in-service training	36,991	19,109
Advertising	25,642	47,247
Appeal tribunal	6,418	8,184
Audit fee	22,792	21,493
Computer equipment, rental and usage	177,331	167,301
Directors' remuneration and expenses	21,374	18,068
District offices' rentals and miscellaneous	52,351	47,139
Employee benefits	145,376	145,615
Employer share of pensions (Note 2(D))	59,562	60,560
Furniture and equipment purchases (Note 2(E))	122,892	56,902
Health and Post Secondary Education Tax Levy	62,352	42,989
Legal fees	25,797	17,250
Miscellaneous	32,926	19,353
Office equipment rentals	10,880	10,741
Postage	26,664	32,365
Printing, stationery and office supplies	117,821	106,736
Salaries	1,948,788	1,975,318
Special studies	1,957	551
Telephone	45,910	44,887
Travel	145,789	119,288
Workers' compensation	31,041	26,418
Total administrative expenses, Exhibit B	$4,318,202	$4,322,833

Schedule 2

Manitoba Crop Insurance Corporation
Hail Insurance

Statement of Administrative Expenses

for the year ended March 31, 1988

	1988	1987
Adjusters' wages and expenses	$110,539	$175,707
Administration and field in-service training	9,248	4,777
Advertising	7,184	11,116
Appeal tribunal	1,605	1,136
Audit fee	2,533	2,261
Computer equipment, rental and usage	44,333	41,825
Directors' remuneration and expenses	5,344	5,426
District offices' rentals and miscellaneous	13,027	11,175
Employee benefits	36,344	36,403
Employer share of pensions (Note 2(D))	14,890	15,140
Furniture and equipment purchases (Note 2(E))	1,697	6,004
Health and Post Secondary Education Tax Levy	15,588	10,747
Legal fees	4,102	3,732
Miscellaneous	8,231	4,838
Office equipment rentals	2,720	2,685
Postage	6,675	8,091
Printing, stationery and office supplies	26,179	24,179
Salaries	477,550	479,070
Special studies	—	551
Telephone	11,528	11,222
Travel	30,576	29,678
Workers' compensation	7,760	6,605
Total administrative expenses, Exhibit C	$837,653	$892,368

1. **Authority**

   The Manitoba Crop Insurance Corporation is incorporated under a specific Statute of the Province of Manitoba.

2. **Significant Accounting Policies**

   (A) ***Programs***

   The Corporation operates general crop and hail insurance programs for Manitoba farmers and accounts for these programs separately.

   The Corporation is also responsible for the administration of various agricultural-related programs on behalf of the Goverments of the Province of Manitoba and Canada. The funds received to administer these programs are netted against expenditures. The operations of these programs are disclosed in the notes to the financial statements.

   (B) ***Premiums***

   The Corporation recognizes as revenue all premiums earned on crop policies in force during the year. An agreement between the Governments of the Province of Manitoba and Canada provides for the matching by Canada on a cash basis, of insurance premiums collected from insured persons under the General Crop Insurance Program. The matching portion from Canada is shown as revenue. The insurance premium rates are adjusted annually on a basis of a breakdown position being maintained over 10 to 25 years of crop loss experience.

   (C) ***Administrative Expenses***

   The agreement between the Goverments of the Province of Manitoba and Canada, referred to in section (B) of this note, also stipulates that all administrative expenses relating to the General Crop Insurance Program will be met by the Goverment of the Province of Manitoba. Certain of these costs are common to both the General Crop Insurance Program and the Hail Insurance Program and are allocated on a basis approved by the Corporation's Board of Directors. Administrative expenses relating to the Hail Insurance Program are met by insured farmers. The Corporation's head office and certain of its field offices accommodations are provided by the Goverment of the Province of Manitoba at no charge to the Corporation and accordingly, are not reflected in these financial statements.

   (D) ***Pensions***

   In accordance with the provisions of The Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded provision for the Corporation's employees amounted to $1,759,450 as at December 31, 1987 ($1,566,155 as at December 31, 1986).

   (E) ***Fixed Assets***

   Furniture and equipment purchases are charged to operations in the year of acquisition.

3. **Term Deposits**

   The Minister of Finance has invested, on behalf of the Corporation, $4,000,000 received from the Corporation on account of the Hail Insurance Program.

4. **Reinsurance Funds — General Crop Insurance**

In accordance with the terms of a reinsurance agreement between the Governments of the Province of Manitoba and Canada and the Corporation, the Corporation is liable for reinsurance premiums to the Crop Reinsurance Fund of Manitoba and the Crop Reinsurance Fund of Canada for Manitoba, based on premiums collected plus the matching portion paid by the Government of Canada. When indemnities are in excess of the Corporation's reserve and certain other conditions are met, payments are made from the Reinsurance Funds to the Corporation. Deficits in the Reinsurance Funds are funded by advances from Manitoba and Canada, which are repayable when there is a surplus in the Reserve for the Payment of Indemnities. As at March 31, 1988, there were $1,374,319 (1987 — $5,374,319) in advances to the Reinsurance Fund of Manitoba outstanding from the Government of the Province of Manitoba. Interest is neither credited nor charged to the Funds by Manitoba or Canada.

The changes in the Crop Reinsurance Funds, on a cash basis, for the fiscal year ended March 31, 1988 were as follows:

	Reinsurance Funds	
	Manitoba	Canada for Manitoba
Balances, March 31, 1987	$6,191,511	$30,813,851
Add:		
Reinsurance premiums	6,158,829	3,447,848
	12,350,340	34,261,699
Deduct:		
Payments on account of indemnities	3,464,010	—
Balances, March 31, 1988	$8,886,330	$34,261,699

When taking into account the reinsurance premiums payable to and the amounts receivable from the Crop Reinsurance Funds, as shown on the Balance Sheet, the position of the two Funds on an accrued basis as at March 31, 1988, is a balance of $8,387,899 for Manitoba and a balance of $34,455,711 for Canada for Manitoba.

5. **Amount Payable to Reinsurance Fund of Manitoba**

The Corporation is liable for the repayment, without interest, of advances from the Crop Reinsurance Fund of Manitoba.

6. **Advance from the Government of the Province of Manitoba**

When necessary, there is a provision for the Corporation to receive interest free working capital advances. The advances received to date are on account of the General Insurance Program.

7. **Other Programs**

(A) The Corporation administers the Canada-Manitoba Waterfowl Crop Damage Compensation Program. This program is cost shared between Canada and Manitoba (50/50) and Canada's share of the expenditures is remitted directly to the Province. For the fiscal year ended March 31, 1988, the related transactions are as follows:

Receipts:	
Expenditures recovered from the Government of the Province of Manitoba	$ 144,990
Expenditures:	
Indemnities paid	115,702
Estimated indemnities to be paid	13,400
Administrative expenses	15,888
	144,990
Balance, March 31, 1988	$ —

The estimated indemnities to be paid of $13,400 are reflected in the financial statements under other account and program payables.

(B) The Corporation also administers section 89(E) of The Wildlife Act as it applies to compensation for damage to crops caused by migratory waterfowl. Compensation payments are paid entirely by Manitoba. For the fiscal year ended March 31, 1988, the related transactions are as follows:

Receipts:	
Expenditures recovered from the Government of the Province of Manitoba	$ 4,475
Expenditures:	
Indemnities paid	4,475
Balance, March 31, 1988	$ —

All-Risk Insurance Program

Summary of Participation, Premiums and Indemnities Paid

Year	Contracts In Force	Per Cent Participation	Farmers' Share of Premium	Calculated Premium	Indemnities Paid	Accumulated Loss Ratio
1960-61	2,472	38.1	$ 255,487.33	$ 319,359.16	$ 87,082.62	.27
1961-62	3,654	39.9	434,782.96	543,478.70	1,586,405.96	1.93
1962-63	4,413	48.2	684,249.32	855,311.65	531,503.82	1.28
1963-64	5,142	50.3	816,901.42	1,021,126.77	1,242,164.72	1.25
1964-65	6,141	49.8	940,990.35	1,176,237.93	279,343.44	.95
1965-66	8,610	47.3	1,296,463.67	1,620,579.58	398,792.86	.74
1966-67	12,915	44.7	1,756,916.97	2,196,144.96	796,359.58	.64
1967-68	14,116	48.2	2,065,443.42	2,753,924.56	729,116.62	.54
1968-69	14,481	59.1	2,324,400.17	3,099,200.23	2,288,456.09	.58
1969-70	14,236	58.5	1,945,210.01	2,593,613.34	3,726,865.42	.72
1970-71	13,669	56.5	1,505,169.60	2,006,892.80	2,061,453.99	.75
1971-72	13,233	55.1	2,187,302.66	2,916,403.54	1,018,391.38	.70
1972-73	11,945	50.0	1,895,837.31	2,527,783.08	983,097.98	.67
1973-74	13,585	57.3	2,135,628.65	4,271,257.30	2,216,532.99	.64
1974-75	13,878	58.9	2,846,582.08	5,693,164.16	8,299,434.60	.78
1975-76	14,199	60.3	4,785,416.42	9,570,832.84	9,338,852.32	.82
1976-77	14,583	63.5	5,630,841.95	11,261,683.90	8,881,807.46	.81
1977-78	18,016	80.4	9,384,728.63	18,769,457.26	5,590,626.17	.68
1978-79	15,950	73.0	8,273,606.39	16,547,212.78	6,445,393.25	.63
1979-80	17,275	67.0	8,355,799.19	16,711,598.38	11,177,129.50	.64
1980-81	14,176	68.8	9,763,057.22	19,526,114.44	55,288,685.65	.98
1981-82	14,633	68.8*	12,035,890.51	24,071,781.02	18,770,255.07	.95
1982-83	14,087	68.3**	13,256,058.66	26,512,117.32	22,600,352.08	.93
1983-84	13,837	69.2**	13,329,863.46	26,659,726.92	22,297,580.28	.92
1984-85	14,087	72.6**	15,028,396.00	30,056,792.00	29,543,011.70	.93
1985-86	14,723	78.2**	21,827,710.36	43,655,420.72	33,287,622.21	.90
1986-87	14,671	80.3**	21,509,050.62	43,018,101.24	36,561,653.98	.89
1987-88	14,070	78.5**	16,530,549.23	33,061,098.46	27,921,710.40	.89

**Based on 1981 Statistics Canada estimates of farmers growing eligible crops.*

***Assumes farm numbers decreased by 3% annually from 1981 census.*

The calculated premium represents the farmers' share plus the Government of Canada contribution.

Summary of Participation

During 1987, 14,070 (79.5%) of the estimated 17,705 persons eligible for insurance had contracts in force — a decrease of .8% over the number insured in the previous year.

Additional Hail Insurance Program

Summary of Premiums Received and Indemnities Paid

	Contracts	Per Cent of Seeded Crops Insured	Premium Earned	Indemnities Paid	Accumulated Loss Ratio
1970-71	1,583	12.6	$ 114,298.29	$ 112,830.73	.99
1971-72	2,668	21.1	279,918.78	80,115.04	.49
1972-73	2,443	22.2	270,917.12	70,473.72	.40
1973-74	3,626	27.4	550,019.03	616,955.74	.72
1974-75	3,681	27.8	684,576.77	423,160.85	.69
1975-76	4,411	31.7	902,833.45	1,239,490.88	.91
1976-77	4,263	30.2	1,029,237.80	1,197,152.76	.98
1977-78	4,751	26.9	1,261,470.79	1,231,459.60	.98
1978-79	5,062	33.3	1,700,062.19	1,825,162.41	1.00
1979-80	4,260	31.3	1,683,214.65	997,933.30	.92
1980-81	3,518	25.5	1,552,265.42	1,042,709.39	.88
1981-82	4,435	31.2	2,273,062.75	2,266,443.64	.90
1982-83	4,686	34.4	3,196,098.48	2,557,615.60	.88
1983-84	5,104	38.1	3,520,848.66	3,038,093.36	.88
1984-85	6,079	44.1	4,603,874.08	7,728,089.16	1.03
1985-86	6,678	47.2	8,125,390.90	3,696,891.50	.88
1986-87	6,634	46.6	8,255,606.40	6,535,684.42	.87
1987-88	5,634	41.5	6,645,946.69	2,822,271.48	.80

Additional Hail Insurance Program

In 1987, Additional Hail insurance coverage was offered to all-risk contract holders for the eighteenth consecutive year. Some 5,634 farmers carried this insurance which represents 41.5 per cent of those who seeded insured crops.

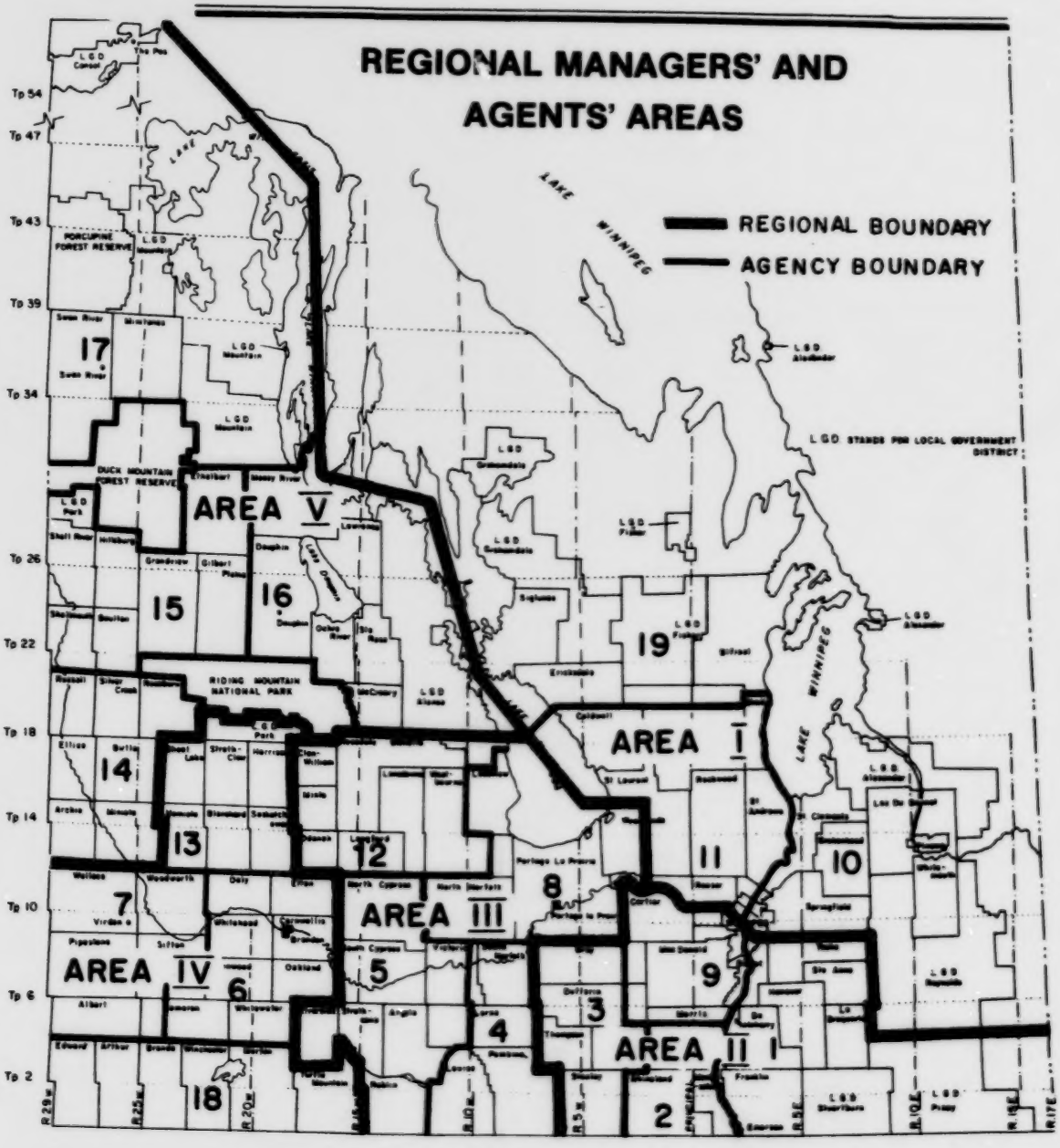
A total of 2.5 million acres were insured and carried a total liability of $203.8 million. Premium billings totalled $6,645,947 which amounts to 3.2 per cent of the liability. For every premium dollar billed, $0.42 was paid in settlement of claims.

Schedule 3

Summary of Insurance Written

for the Year Ended March 31, 1988

	Acres	All-Risk Premium	Coverage	Acres	Hail Spot Spot Premium	Coverage
Red Spring Wheat	2,276,171.8	$5,050,181.74	$148,724,699.92	2,074,917.5	$1,353,211.89	$136,185,075.10
Oats	142,844.3	236,090.72	4,383,981.23	126,344.4	39,270.29	3,933,471.83
Barley	866,617.0	1,291,128.78	41,944,132.60	788,550.6	391,769.16	38,351,062.65
Flax	427,909.8	1,180,131.64	24,214,394.22	404,647.9	216,515.95	22,988,879.77
Sugar Beets	19,633.0	208,870.11	6,740,020.42	16,603.0	32,987.58	5,680,693.90
Fall Rye	15,903.8	30,789.61	570,564.34	12,677.1	4,924.57	458,342.20
Argentine Rapeseed	562,219.1	2,163,904.58	40,675,799.46	531,493.1	567,657.54	38,496,943.41
Mustard	6,787.0	30,906.20	388,351.00	6,240.0	5,978.32	357,182.60
Sunflowers	47,034.6	140,313.94	3,137,606.92	43,928.6	29,241.91	2,937,457.32
Buckwheat	12,896.1	66,647.75	460,019.50	12,488.4	11,173.25	444,850.01
Field Peas	119,552.9	414,424.00	11,089,349.95	117,248.5	180,018.42	10,880,615.63
Grain Corn	47,199.0	338,354.95	4,081,414.00	45,760.0	38,705.02	3,958,716.00
Potatoes	26,008.1	489,157.39	11,870,337.31	21,561.0	70,718.10	9,871,973.51
Mixed Grain	17,351.4	29,716.93	538,035.91	15,126.4	4,434.96	471,673.81
Durum Wheat	234,973.7	475,299.24	14,885,418.94	218,804.2	147,736.49	13,920,790.92
Forage Hay	48,374.4	182,805.56	2,022,215.75	41,738.9	13,320.74	1,769,246.20
Silage Corn	3,057.0	13,139.85	250,034.40	2,992.0	2,264.90	244,778.40
Utility Wheat	88,653.9	223.507.00	6,313,518.48	81,677.8	55,691.04	5,846,102.22
Lentils	30,267.0	197,083.01	2,421,509.69	29,409.0	30,363.67	2,350,613.57
Fababeans	11,304.0	52,296.38	620,386.12	11,174.0	7,199.99	613,694.92
Canaryseed	11,326.4	20,141.59	467,616.68	10,968.4	3,552.83	453,703.88
Field Beans	15,168.3	128,712.55	1,591,596.88	15,168.3	18,720.16	1,591,596.88
Triticale	40.0	120.00	2,402.40	40.0	28.80	2,402.40
Forage Hay Establishment	13,337.0	14,842.59	226,355.00	—	—	—
Unseeded Acreage	120,170.9	57,554.90	2,516,562.50	—	—	—
Pedigreed Timothy Seed	5,434.0	13,031.88	197,105.41	5,434.0	1,925.89	197,105.41
Soybeans	150.0	854.15	12,111.60	150.0	102.85	12,111.60
Ped. Tim. Seed Est.	2,114.0	3,463.89	47,870.00	—	—	—
Winter Wheat	7,476.0	18,636.15	437,707.44	6,906.0	4,335.37	406,210.64
Polish Rapeseed	46,227.6	124,024.36	2,189,308.32	40,302.6	30,728.10	1,914,499.80
Pedigreed Alfalfa Seed	3,893.0	23,983.00	349,086.10	3,702.0	4,769.35	331,551.10
Ped. Alfa. Seed Est.	526.0	790.52	11,855.00	—	—	—
Rutabagas	90.0	2,954.70	45,900.00	90.0	550.80	45,900.00
Onions (Cooking)	115.0	6,956.10	83,100.0	115.0	997.20	83,100.00
Carrots (Table)	45.0	1,526.40	33,840.00	45.0	202.95	33,840.00
Parsnips	33.0	865.92	20,064.00	33.0	120.45	20,064.00
Carrots (Processing)	32.0	1,394.88	30,464.00	32.0	182.72	30,464.00
Total all Crops	5,230,936.1	$13,234,602.96	$333,594,735.49	4,686,368.70	$3,269,401.26	$304,884,713.68



Regional Managers:

Area I - H.F. Popoff — Stonewall
Area II - W.J. Moffat — Sanford
Area III - H.A. Hamilton
— Portage la Prairie
Area IV - D.A. Benzie — Souris
Area V - W.J. Wowchuk — Dauphin

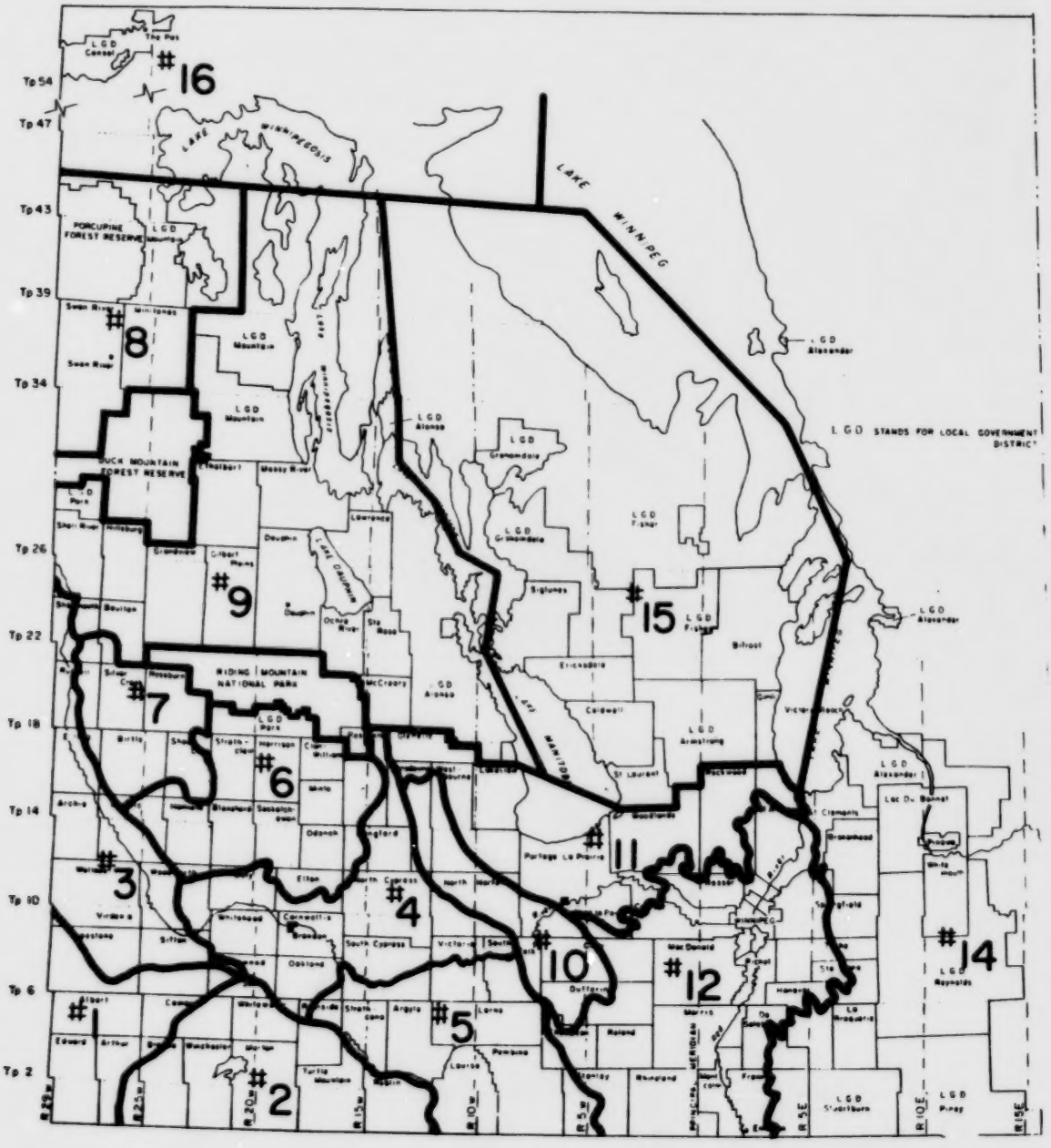
Area Agents:

01 G.L. Loeppky — St. Pierre
02 B.D. Hildebrand — Altona
03 K.K. Porter — Carman
04 A.D. McPhee — Somerset
05 D.W. East — Glenboro
06 L.G. Perrin — Souris
07 L.B. Collier — Virden
08 G.R. Small — Portage la Prairie
09 C.L. Jessen — Sanford

Area Agents: (continued)

10 L.E. Zieske — Beausejour
11 L.D. Ciszewski — Stonewall
12 T.K. Girling — Neepawa
13 K.L. Tiller — Hamiota
14 W.F. McKerchar — Birtle
15 T.K. Britton — Grandview
16 A.N. Kotyk — Dauphin
17 G.E. McClintock — Swan River
18 J.M. Park — Deloraine
19 C. Bernier — Fisher Branch

RISK AREAS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LAKE WINNIPEG
LAKE WINNIPEGOSIS
PORCUPINE FOREST RESERVE
DUCK MOUNTAIN FOREST RESERVE
RIDING MOUNTAIN NATIONAL PARK
LGD STANDS FOR LOCAL GOVERNMENT DISTRICT
Tp 54
Tp 47
Tp 43
Tp 39
Tp 34
Tp 26
Tp 22
Tp 18
Tp 14
Tp 10
Tp 6
Tp 2
R.25W
R.20W
R.15W
R.10W
R.5W
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